

March 7, 2006

Ex Parte Presentation  
Ms. Marlene H. Dortch  
Secretary  
Federal Communications Commission  
445 Twelfth Street, S.W.  
Washington, D.C. 20554

Re: Federal-State Joint Board on Universal Service, CC Docket  
No. 96-45

Dear Ms. Dortch:

Montana State University submits this letter to express our concerns that a number-based Universal Service Fee contribution mechanism would have a substantial detrimental effect on this institution.

As a public institution in a rural state, MSU does not have the resources to cover the sizable increase in regulatory fees that a number-based contribution model could produce. We estimate that a charge of \$1.00 per telephone number would increase our universal service fees by more than \$100,000 per year. If implemented in this way, the FCC's action would result in significant changes to our institution's operations and services, such as:

- Increasing our cost-recovery charge to campus departments for telephone service by 20%, in the face of flat or declining levels of state funding for higher education.
- The elimination of residential telephone service for students in campus housing, because they cannot afford such a rate increase.
- The elimination of telephone number reserves earmarked for future campus priorities, such as new teaching and research facilities, and family housing units. Our current block of 8600 Direct Inward Dial (DID) numbers includes a minimal reserve of 13% for future growth, some of which has already begun.

We would like to ensure that impacts such as these, resulting from a significant increase in universal service costs, are included in the consideration of changes to the universal service funding model.

We want to point out that many not-for-profit organizations, including colleges and universities like MSU, are enterprise customers with large blocks of numbers. These entities do not have the money to cover significant increases in regulatory fees.

For a public institution like Montana State University, the funds needed to meet these projected increases can only come from increases in tuition or state appropriations. These sources, generated in large part from the taxpayers of Montana, are both difficult and time consuming to obtain.

Furthermore, we believe that, as a land-grant institution, the mission of MSU is not very different from those of the public K-12 schools and libraries that are recipients of Universal Service Fund contributions. Rather than be assessed additional Universal Service Fund fees, MSU should become a beneficiary of the fund.

In summary, Montana State University recommends:

- That the FCC proceed with cautious deliberation in considering a number-based plan, so that the specific concerns of the public higher education community can be considered.
- That the concept of modifying a number-based proposal through a hybrid design (differing the contribution mechanism for different classes of customers, such as public institutions in rural states), or through assessments for enterprise customers based on PBX trunks rather than individual numbers.
- That reforms to the Universal Service funding mechanism should not substantially disadvantage any particular class of customers, including enterprise customers.
- That any reform proposals under consideration by the Commission be deferred until the full impact of those proposals is fully understood.

We hope that the Commission will modify its Universal Service Fund policies in a manner that considers the potential impact on public institutions and the higher education community.

Respectfully submitted,  
ORIGINAL SIGNED AND MAILED IN

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